



## **APPENDIX F**

### **PROCUREMENT PERFORMANCE MEASURES**

**FY2002**

### **THIRD QUARTER REPORT**

**LAWRENCE LIVERMORE NATIONAL LABORATORY**



**JULY 31, 2002**

**Performance Measure 1.1.a - Assessing System Operations**

(Weight = 30%)

This is a measurement of P&M's performance in self-assessing its purchasing transactions per the system evaluation plan approved on October 1, 2001 and the self-assessment scoring procedure approved on December 18, 2001.

**Quarterly Results**

| <u>Purchase Order &amp; Subcontract Reviews</u> | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|---|-----------------|-----------------|-----------------|------------------|
| Total Awards                                    | 876             | 1,029           | 1,266           | 3,171            |
| Total Reviews                                   | 267             | 417             | 553             | 1,237            |
| Percent Reviewed*                               | ~29%            | ~38%            | ~42%            | ~37%             |

\* Based on total reviews less CRB reviews, versus total awards. The percent reviewed is an approximation, since some files may have undergone more than one type of review.

| <u>Self-Assessment Review Activity</u> | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|--|-----------------|-----------------|-----------------|------------------|
| Random Sample Transactions Reviews     | 20              | 60              | 60              | 140              |
| Group Leader Sample Reviews            | 88              | 92              | 137             | 317              |
| Group Leader Supervisory Reviews       | 144             | 239             | 332             | 715              |
| Contract Review Board Reviews          | <u>15</u>       | <u>26</u>       | <u>24</u>       | <u>65</u>        |
|  | 267             | 417             | 553             | 1,237            |

| <u>UniCard &amp; Release Transaction Reviews</u> | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|--|-----------------|-----------------|-----------------|------------------|
| UniCard Transactions                             | 17,011          | 20,153          | 21,648          | 58,812           |
| Random Sample Reviews                            | 142             | 171             | 157             | 470              |
| Release Transactions                             | 2,119           | 1,248           | 1,303           | 4,670            |
| Random Sample Reviews                            | 85              | 60              | 59              | 204              |
| Special Reviews                                  | 11              | 16              | 14              | 41               |

**Comment**

The results of the reviews are as anticipated, with one minor systemic finding. The transactional deficiencies are within established parameters, and indicate that the Laboratory's procurements as a whole are being performed at acceptable compliance and efficiency levels.

**Pending Reviews**

Other reviews to be performed during the year:

- Remaining quarterly random sample reviews
- IUT, ICO, and consultant transactions reviews
- Optional sample reviews of selected types of transactions
- Special reviews of TRR Transactions, as appropriate

**Performance Measure 1.2.a - Measuring Efficiency**

(Weight = 20%)

This is a measurement of P&M's operational effectiveness, as reflected by the average cycle time of its procurements and the extent it utilizes alternative procurement approaches/techniques. The goals and gradients are standardized in Appendix F.

**Quarterly Results - Cycle Time (in days)**

|                                     | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|-------------------------------------|-----------------|-----------------|-----------------|------------------|
| Average Cycle Time-All Transactions | 11.24           | 13.42           | 13.86           | 12.98            |
| Average Cycle Time-Below \$100K     | 9.63            | 11.23           | 12.25           | 11.19            |
| Average Cycle Time-Above \$100K     | 29.21           | 34.20           | 31.99           | 32.04            |
| Number of Transactions Measured*    | 865             | 998             | 1,219           | 3,082            |

\* Excludes zero-dollar transactions and modifications.

**Comment**

The average cycle time results for transactions above \$100K compare favorably to the "Excellent" goal of below 35 days.

We will continue to closely monitor our cycle times for the remainder of the year.

**Quarterly Results - Utilization of Alternative Procurement Approaches/Techniques**

|                     | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|---------------------|-----------------|-----------------|-----------------|------------------|
| Rapid Transactions: | 97.52%          | 97.38%*         | 97.22%          | 97.36%           |

\* The second quarter result has been corrected due to a minor calculation error.

The aggregate result is based on the following transaction data:

| <u>Type</u>             | <u>Rapid Transactions</u> |   | <u>All Transactions</u> |          |
|-------------------------|---------------------------|---|-------------------------|----------|
| Written PO/Subcontracts | -                         |   | 1,936                   |          |
| Verbal PO/Subcontracts  | 1,146                     |   | 1,146                   |          |
| UniCard                 | 58,812                    |   | 58,812                  |          |
| Material Requests       | 6,863                     |   | 6,863                   |          |
| Releases                | <u>4,670</u>              |   | <u>4,670</u>            |          |
|                         | 71,491                    | ÷ | 73,427                  | = 97.36% |

**Comment**

This result is as anticipated and compares favorably to the "Outstanding" goal of 93%.

**Performance Measure 1.3.a - Measuring Supplier Performance**

(Weight = 15%)

This is a measurement of "Key Supplier" performance under P&M's Supplier Management Program. The goals and gradients are standardized in Appendix F.

**Grading of Key Suppliers**

As previously reported, 95 key suppliers were identified for FY2002. The key suppliers were graded during December, per the process described in Commercial Procurement Procedure P-1100, *Supplier Management*. The grading process included soliciting input from the following user groups, using standard survey questionnaires: procurement specialists; end-users; Accounts Payable; Material Distribution Division; Subcontract Administration Support Section (invoices processing & close-out); and Property Management.

**Results**

|                  | <u>Number<br/>Graded</u> | <u>"A" &amp; "B"<br/>Suppliers</u> | <u>"C" &amp; "D"<br/>Suppliers</u> | <u>Result</u> |
|------------------|--------------------------|------------------------------------|------------------------------------|---------------|
| December Grading | 94                       | 88                                 | 6                                  | <b>93.6%</b>  |

  

|                  | <u>Customer<br/>Score</u> | <u>Procurement<br/>Specialist<br/>Score</u> | <u>Aggregate<br/>Score</u> | <u>Result</u> |
|------------------|---------------------------|---|----------------------------|---------------|
| On-Time Delivery | 3.964                     | 4.166                                       | 4.065                      | <b>81.3%</b>  |

**Comment**

Improvement agreements were established with those key suppliers receiving a grade of "C" or lower, and the performance of those suppliers will be regraded later in the year, along with the one ungraded supplier. This regrading process is currently being conducted.

The average performance score for the key suppliers was 90.7%, which equates to an average supplier grade of "A". The 93.6% result for the grading of all key suppliers is as anticipated and compares favorably to the "Outstanding" goal of 91%.

Contract Modification M431 (Mid-year mod) incorporated a new requirement to report the percentage of on-time deliveries of our key suppliers. Customer or End User Survey Question #1 and the P&M Procurement Specialist Internal Survey Question #8 report the level of satisfaction with the suppliers' deliveries. The scale ranges from 1 (low) to 5 (high). The aggregate level of satisfaction, which is considered an indication of the level of on-time deliveries, was 4.065 out of a possible 5, or 81.3%.

**Performance Measure 1.4.a - Socioeconomic Subcontracting**

(Weight = 0%)

This is a measurement of P&M's performance in supporting and promoting socioeconomic subcontracting programs. The gradients are standardized in Appendix F. The goals are as mandated by DOE-HQ.

**Goals and Results through the Third Quarter**

|                           | <b><u>P&amp;M</u></b> | <b><u>NIF</u></b>    | <b><u>Aggregate</u></b> |
|---------------------------|-----------------------|----------------------|-------------------------|
| <b>Socioeconomic Base</b> | <b>\$202,253,157</b>  | <b>\$172,749,917</b> | <b>\$375,003,074.00</b> |
| <b>SB Awards</b>          |                       |                      |                         |
| % Goals                   | 46.00%                | 46.00%               | 46.00%                  |
| Actual %                  | 38.05%                | 23.45%               | 31.32%                  |
| Actual Dollars            | <b>\$76,956,111</b>   | <b>\$40,511,186</b>  | <b>\$117,467,297</b>    |
| % Delta                   | -7.95%                | -22.55%              | -14.68%                 |
| <b>SDB Awards</b>         |                       |                      |                         |
| % Goals                   | 12.00%                | 12.00%               | 12.00%                  |
| Actual %                  | 11.21%                | 2.57%                | 7.23%                   |
| Actual Dollars            | <b>\$22,676,996</b>   | <b>\$4,439,782</b>   | <b>\$27,116,778</b>     |
| % Delta                   | -0.79%                | -9.43%               | -4.77%                  |
| <b>WOSB Awards</b>        |                       |                      |                         |
| % Goals                   | 5.00%                 | 5.00%                | 5.00%                   |
| Actual %                  | 4.66%                 | 3.46%                | 4.11%                   |
| Actual Dollars            | <b>\$9,426,714</b>    | <b>\$5,983,514</b>   | <b>\$15,410,228</b>     |
| % Delta                   | -0.34%                | -1.54%               | -0.89%                  |
| <b>HZSB</b>               |                       |                      |                         |
| % Goals                   | 3.00%                 | 3.00%                | 3.00%                   |
| Actual %                  | 0.0189%               | 0.0667%              | 0.0409%                 |
| Actual Dollars            | <b>\$38,249</b>       | <b>\$115,212</b>     | <b>\$153,461</b>        |
| % Delta                   | -2.98%                | -2.93%               | -2.96%                  |
| <b>VOSB</b>               |                       |                      |                         |
| % Goals                   | 2.00%                 | 2.00%                | 2.00%                   |
| Actual %                  | 1.19%                 | 4.76%                | 2.84%                   |
| Actual Dollars            | <b>\$2,414,063</b>    | <b>\$8,221,130</b>   | <b>\$10,635,193</b>     |
| % Delta                   | -0.81%                | 2.76%                | 0.84%                   |

**Comment**

Currently, the dollars awarded to veteran-owned small businesses continues to exceed the goal. The percentage of procurement spending with small businesses improved; however, the level of National Ignition Facility (NIF) project and high performance computing procurement spending continued to be high, which limited the opportunities for small businesses. A concerted effort has been, and will continue to be made, to identify and award procurements to HUBZone and veteran-owned small businesses, as well as to increase the level of small business participation. The overall level of small business participation is consistent with the projections of the LLNL Small Business Plan for 2001 - 2004, which we realize is not sufficient to allow us to reach the mandated goals.

**PERFORMANCE OBJECTIVE #2 - CUSTOMER SATISFACTION****Performance Measure 2.1.a - Customer Satisfaction Index**

(Weight = 10%)

This is a measurement of the overall satisfaction of the Laboratory's procurement customers. The goals and gradients are standardized in Appendix F. Performance is being measured by use of a quarterly surveying process and a standardized transaction survey questionnaire approved on October 1, 2001.

**Quarterly Results:**

|                    | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|--------------------|-----------------|-----------------|-----------------|------------------|
| Customers Surveyed | 37              | 45              | 43              | 125              |
| Responses Received | 22              | 31*             | 37              | 90               |
| Number Satisfied   | 22              | 28*             | 36              | 86               |
| Percent Satisfied  | 100%            | 90.3%           | 97.3%           | <b>95.5%</b>     |

\* These numbers were reported as 17 and 14 respectively in the second quarter report.

The following standard scoring methodology was used:

- 20 points are assigned to each of the four "Yes or No" questions.
- 0, 5, 10, 15, or 20 points are assigned to the five elements of the fifth question.
- The maximum score is 100.
- A score of 70 or better means the customer is satisfied.

**Comment**

Each quarter, an e-mail survey was issued to a customer of every procurement specialist who completed a procurement transaction during the quarter. Customers who were surveyed during the first and second quarters were not surveyed during the third quarter. Also, additional responses received after the second quarter report was submitted are now being reported. The overall level of response was 72%. The overall result currently exceeds the "Outstanding" goal of 90%. The average score for all of the responses received was 93.27%.



### **PERFORMANCE OBJECTIVE #3 - LEARNING AND GROWTH**

#### **Performance Measure 3.1.a - Employee Satisfaction Index**

(Weight = 5%)

This is a measurement of the overall satisfaction of the procurement employees. The goals and gradients are standardized in Appendix F. Performance is to be measured by use of an employee survey. The surveying process and standardized survey questionnaire to be used were approved on October 1, 2001.

The survey is being conducted the last week of July, with responses due by August 2, 2002.

**Performance Measure 3.2.a - Measuring Availability of Information**

(Weight = 10%)

This is a measurement of the extent of availability and adequacy of information needed by procurement personnel, per the following formula:

$$\text{Level of Information Availability} = \frac{\text{Number of Information Items Available}}{\text{Number of Information Items Needed}}$$

The goals and gradients are standardized in Appendix F.

**Quarterly Results**

|                         | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|-------------------------|-----------------|-----------------|-----------------|------------------|
| Policies and Procedures | 94.1%           | 94.4%           | 96.6%           | 95.1%            |
| Forms                   | 98.0%           | 98.5%           | 98.1%           | 98.2%            |
| Reports / Lists         | 94.3%           | 94.3%           | 94.3%           | 94.3%            |
| Aggregate               | 96.5%           | 96.9%           | 97.3%           | <b>96.9%</b>     |

**Comment**

The aggregate result is based on the following total information items for the quarters:

|                                   |          | <u>Policies &amp;<br/>Procedures</u> | <u>Forms</u> | <u>Reports /<br/>Lists</u> | <u>Aggregate</u> |
|-----------------------------------|----------|--------------------------------------|--------------|----------------------------|------------------|
| Information Items Needed          | 1st Qtr. | 143                                  | 451*         | 146                        | 740              |
|                                   | 2nd Qtr. | 144                                  | 459*         | 146                        | 749              |
|                                   | 3rd Qtr. | <u>145</u>                           | <u>456</u>   | <u>146</u>                 | <u>747</u>       |
|                                   |          | 432                                  | 1,366        | 438                        | 2,236            |
| Information Items Available       | 1st Qtr. | 136*                                 | 445          | 137                        | 718              |
|                                   | 2nd Qtr. | 136                                  | 454*         | 137                        | 727              |
|                                   | 3rd Qtr. | <u>140</u>                           | <u>452</u>   | <u>137</u>                 | <u>729</u>       |
|                                   |          | 412                                  | 1351         | 411                        | 2,174            |
| Weighted Needed Score             | 1st Qtr. | 409                                  | 893*         | 158                        | 1,460            |
|                                   | 2nd Qtr. | 411                                  | 913*         | 158                        | 1,482            |
|                                   | 3rd Qtr. | <u>413</u>                           | <u>909</u>   | <u>158</u>                 | <u>1,480</u>     |
|                                   |          | 1,233                                | 2,715        | 474                        | 4,422            |
| Weighted Adequate Score           | 1st Qtr. | 385*                                 | 875*         | 149                        | 1,409            |
|                                   | 2nd Qtr. | 388                                  | 899*         | 149                        | 1,436            |
|                                   | 3rd Qtr. | <u>399</u>                           | <u>892</u>   | <u>149</u>                 | <u>1,440</u>     |
|                                   |          | 1,172                                | 2,666        | 447                        | 4,285            |
| Level of Information Availability | 1st Qtr. | 94.1%*                               | 98.0%*       | 94.3%                      | 96.5%*           |
|                                   | 2nd Qtr. | 94.4%*                               | 98.5%*       | 94.3%                      | 96.9%*           |
|                                   | 3rd Qtr. | 96.6%                                | 98.1%        | 94.3%                      | 97.3%            |

\* The previously reported results have been adjusted due to minor coding corrections.  
 Comment



Weighting is applied to each item of information based on its relative importance in comparison with the other items in the category. The aggregate result of 96.9% is as anticipated and compares favorably to the "Outstanding" goal of 94%.

**PERFORMANCE OBJECTIVE #4 - MANAGING FINANCIAL ASPECTS****Performance Measure 4.1.a - Cost to Spend Ratio****(Weight = 10%)**

This is a measure to determine the cost efficiency of procurement operations by comparing procurement operating costs to total procurement dollars. The goals and gradients are standardized in Appendix F.

**Quarterly Results**

|                                  | <u>1st Qtr.</u> | <u>2nd Qtr.</u> | <u>3rd Qtr.</u> | <u>Aggregate</u> |
|----------------------------------|-----------------|-----------------|-----------------|------------------|
| Procurement Cost to Spend Ratio: | 1.65%           | 1.12%           | 1.28%           | 1.32%            |

The aggregate result is based on the following data:

|                | <u>Operating Costs</u> | <u>Spending</u> | <u>Ratio</u> |
|----------------|------------------------|-----------------|--------------|
| First Quarter  | \$2.272M*              | \$137.717M      | 1.65%        |
| Second Quarter | \$2.248M               | \$201.095M      | 1.12%        |
| Third Quarter  | \$2.295M               | \$179.471M      | 1.28%        |
| Aggregate      | \$6.815M               | \$518.283M      | 1.31%        |

\* The previously reported result has been adjusted due to a transposition correction.

**Comment**

The aggregate result is as anticipated and compares favorably to the "Outstanding" goal of less than 1.7%. The overall spending level continues to be higher than the spending level through the third quarter of FY01, which was \$376.7M. It is anticipated that this high spending level will continue through the fourth quarter.